

Message Text

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ACTION EUR-12

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OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01
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TO SECSTATE WASH DC 5741
INFO ALL OECD CAPITALS 0751

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E.O. 11652: N/A
TAGS: ENRG, OECD
SUBJECT: OECD COMMITTEE ON ENERGY POLICY (CEP) -
MARCH 10

1. SUMMARY: MARCH 10 CEP MEETING TOOK PLACE UNEVENT-
FULLY AND PASSED BRISKLY THROUGH ITS AGENDA. REACTION
TO SECRETARIAT PAPER ON EAST/WEST ENERGY ISSUES WAS
UNIVERSALLY POSITIVE AND ALL DELS EXCEPT FINNS SUPPORTED
CONTINUED WORK IN THIS AREA WITH SOME ENTHUSIASM.
DISCUSSION OF ALL OTHER AGENDA ITEMS WAS BRIEF, MOST
NOTABLE FEATURE BEING RESTRAINED AND COOPERATIVE
ATTITUDE OF FRENCH ON ALL ISSUES, INCLUDING FUTURE WORK
PROGRAM. SUMMARY OF DISCUSSION UNDER INDIVIDUAL AGENDA
ITEMS FOLLOWS. END SUMMARY

2. CIEC. DISCUSSION BASED ON SECRETARIAT (HOPKINS)
PRESENTATION, GENERAL CONCLUSION OF WHICH WAS THAT WORK
IN ENERGY COMMISSION HAD REVEALED NOT ONLY DIVERGENCES
BUT CONVERGENCES OF VIEW BETWEEN PRODUCERS AND CONSUMERS
AND THAT FINAL RESULTS IN ENERGY AREA WOULD DEPEND VERY
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MUCH ON PROGRESS MADE IN OTHER FIELDS. US REP
(AMB TURNER) MADE POINTS CONTAINED REFTTEL, NOTING ALSO
THAT PROPOSALS HAD BEEN TABLED FOR CONTINUING EXCHANGES
OF VIEW BETWEEN PRODUCERS AND CONSUMERS AND FOR
ASSISTING EDDC'S IN DEVELOPING ALTERNATIVE SOURCES.
THERE WAS NO OTHER COMMENT BY DELEGATIONS.

3. EAST/WEST. IN INTRODUCTION SECRETARIAT NOTED THAT WORK IN THIS AREA SHOULD BE VIEWED BOTH IN CONTEXT OF OVERALL OECD EXERCISE ON EAST/WEST ECONOMIC RELATIONS AND IN TERMS OF IMPACT EAST MIGHT HAVE ON FUTURE ENERGY SUPPLY/DEMAND BALANCE. SECRETARIAT STRESSED UNCERTAINTIES INVOLVED IN PREDICTING FUTURE LEVELS OF SOVIET OIL PRODUCTION, NOTING RECENT INDICATIONS THAT SOVIET PRODUCTION PLANS MIGHT FALL SHORT TO THE EXTENT THAT USSR/EASTERN EUROPE COULD BECOME SIGNIFICANT NET OIL IMPORTER BY MID-1980'S.

4. VIRTUALLY ALL DELS PRAISED SECRETARIAT PAPER, URGED THAT WORK BE CONTINUED AND STRENGTHENED IN THIS AREA, AND INDICATED THEY WOULD CONTRIBUTE TO QUESTIONNAIRE PROPOSED BY SECRETARIAT. ALTHOUGH SEVERAL DELS SUGGESTED THAT SECRETARIAT'S ANALYSIS OF FUTURE SOVIET ENERGY TRADE POLICY SHOULD BE STRENGTHENED, SOME DELS (GERMANS, FINNS AND SWEDES) INDICATED THEY THOUGHT IT UNWISE FOR CEP TO GET INTO AN ANALYSIS OF SOVIET POLITICAL INITIATIVES IN ENERGY FIELD, POINTING TO POSSIBLE OVERLAP WITH WORK OF ECE. US REP MADE POINTS CONTAINED IN REFTEL. ONLY DEL TO VOICE ANY HESITANCE ABOUT FUTURE EAST/WEST WORK IN CEP WAS FINN, WHO REITERATED FINNISH ATTITUDE TOWARD OECD EAST/WEST EXERCISE AS A WHOLE, STRESSING THAT THERE SHOULD BE NO ATTEMPT AT POLICY COORDINATION, AND SAW LITTLE SCOPE FOR WORK ON ENERGY BEYOND INITIAL SECRETARIAT PAPER.

5. SUMMING UP DISCUSSION, LANTZKE INDICATED THAT MAIN LIMITED OFFICIAL USE

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PURPOSE OF PROPOSED QUESTIONNAIRE WAS TO PERMIT SECRETARIAT TO EXPAND STUDY TO 1985 AND BEYOND BASED ON INFORMATION AVAILABLE IN GOVERNMENTS IN SUCH AREAS AS NATURAL GAS AND ENRICHED URANIUM CONTRACTS AND EXPECTATIONS RE FUTURE RESOURCE DEVELOPMENT AND ENERGY TRADE POLICY IN EASTERN BLOC. AS TO SOVIET POLITICAL INITIATIVES, LANTZKE SAW A RANGE OF ACTIONS THAT MIGHT BE INCLUDED UNDER THIS CATEGORY (INCLUDING TECHNICAL INITIATIVES ON ELECTRICITY IN ECE AND OIL/GAS TRADE ARRANGEMENTS INVOLVING OPEC) AND THOUGHT ATTEMPT TO SORT THEM OUT WOULD BE USEFUL IN TERMS OF IMPACT ON WORLD ENERGY SITUATION. HE SAID SECRETARIAT HAD NO PRESENT PLANS GO INTO MORE POLITICAL INITIATIVES SUCH AS BREZHNEV PROPOSED ALL-EUROPEAN ENERGY CONFERENCE BUT THOUGHT IT SHOULD NOT BE RULED OUT THAT DISCUSSION OF SUCH QUESTIONS MIGHT BE USEFUL IN THE FUTURE. ELDIN ADDED THAT WORK ENVISAGED ON EAST/WEST ENERGY RELATIONS SHOULD NOT BE SEEN AS RELATED TO PREPARATIONS FOR BELGRADE CONFERENCE. NO DELEGATION OBJECTED TO

SECRETARIAT REMARKS.

NOTE BY OC/T: REFTEL OMITTED.

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6. MAIN FEATURES OF NATIONAL ENERGY POLICY. FOLLOWING LENGTHY PRESENTATION ON SPANISH NATIONAL ENERGY POLICY, LANTZKE MADE A BRIEF STATEMENT ON STATE OF PLAY WITHIN IEA ON REDUCED DEPENDENCY. FRENCH FOLLOWED WITH STRAIGHTFORWARD PRESENTATION BY ENERGY CONSERVATION AGENCY DIRECTOR SYROTA OF FRENCH CONSERVATION POLICY AND RESULTS ACHIEVED IN 1976. MAIN POINT WAS THAT FRENCH HAD REALIZED SAVINGS IN 1976 OF 13 MTOE OVER PRE-1973 PROJECTIONS. CHIEF FRENCH DEL (CUVILLIER OF FONOFF) LIMITED SUGGESTION FOR FUTURE CEP WORK IN CONSERVATION/ALTERNATIVE RESOURCES AREA TO PROPOSAL THAT OTHER DELS MAKE SIMILAR STATEMENTS OF THEIR PROGRAMS IN SPECIFIC AREAS OF ENERGY POLICY FOR PURPOSE OF SHARING EXPERIENCES WITH POLICY TOOLS.

7. OIL MARKET DEVELOPMENTS. IN ORAL STATEMENT, SECRETARIAT (REINFRANK) WENT BEYOND CONCLUSIONS OF SECRETARIAT PAPER TO STATE HIS PERSONAL VIEW THAT

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MARKET TRENDS WERE WORKING IN FAVOR OF UPPER-TIER COUNTRIES, WHO ACCORDING TO HIS PROJECTIONS, WOULD BE IN POSITION TO MEET THEIR MINIMUM NEEDS FOR SOME MONTHS TO COME EVEN IF TWO-TIER SITUATION CONTINUED. IN HIS VIEW THERE WAS LITTLE PROSPECT FOR COMPROMISE BEYOND POSSIBILITY THAT 5 PERCENT INCREASE SCHEDULED FOR JULY 1 WOULD NOT BE IMPLEMENTED. ONLY COMMENT WAS STATEMENT BY US REP AS CALLED FOR BY REFTEL.

8. WORK PROGRAM. THIS DISCUSSION WAS MARKED BY SURPRISING FRENCH RESTRAINT. PROPOSAL BY AUSTRALIAN DEL THAT CEP SHOULD PLAY MAJOR ROLE IN SHAPING POLICY TOWARD PRODUCER/CONSUMER CONSULTATIONS WAS SUPPORTED NEITHER BY FRENCH NOR BY OTHER NON-IEA MEMBERS. (IN RESPONSE TO AUSTRALIAN STATEMENT, AMB TURNER NOTED THAT THERE WERE SUFFICIENT MODALITIES FOR DISCUSSION OF THIS QUESTION ELSEWHERE IN OECD AND IN G-8 AND URGED THAT REDUNDANCY OF EFFORT BE AVOIDED.) WITH REFERENCE TO STATEMENTS BY SEVERAL EUROPEAN DELS THAT WORDING OF FIRST ITEM OF PARA 3 RE "EXAMINATION OF MEMBER COUNTRIES' ENERGY POLICIES" IMPLIED OVERLAP WITH ACTIVITIES OF IEA SLT, FRENCH DEL INDICATED THAT HE UNDERSTOOD DESIRE TO AVOID OVERLAP BUT FELT THAT CEP DID NOT MEET OFTEN ENOUGH TO COMPETE WITH SUCH ACTIVITIES ELSEWHERE IN OECD. HE DID NOT DISSENT FROM DECISION TO DOWNGRADE WORDING OF THAT ITEM TO " - COOPERATION BETWEEN MEMBER COUNTRIES, INCLUDING PERIODIC VOLUNTARY PRESENTATIONS BY MEMBER COUNTRIES OF THEIR ENERGY POLICIES.....", OR TO SECRETARIAT STATEMENT THAT SUCH PRESENTATIONS WERE INTENDED TO BE OF THE NATURE OF NATIONAL PRESENTATIONS THUS FAR MADE BY SEVERAL COUNTRIES IN CEP.

9. U.S. PROPOSAL, BASED ON REFS A AND B, WAS ACCEPTED WITHOUT DISSENT, THAT FIRST ITEM UNDER PARA 1 BE CHANGED TO READ: "THE WORK OF THE COMMITTEE WILL CENTER LIMITED OFFICIAL USE

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PRIMARILY ON QUESTIONS WHICH BOTH HAVE BROAD POLICY IMPLICATIONS AND WHICH ARE LIABLE TO HAVE LONG-TERM IMPLICATIONS."

10. SECRETARIAT OPENED THIS DISCUSSION WITH RUN-DOWN OF EFFORTS TO IMPROVE FREQUENCY AND QUALITY OF STATISTICAL

REPORTS AND INDICATED THAT IT WOULD SOON CIRCULATE A PROPOSED NEW QUESTIONNAIRE FOR COAL DATA TO FORM A BASIS FOR FURTHER WORK ON THAT SECTOR.

11. OTHER BUSINESS. IN ACCORDANCE WITH OECD PRACTICE OF ELECTING NEW COMMITTEE CHAIRMEN AND VICE CHAIRMEN EACH YEAR, PRESENT SLATE OF CHAIRMEN AND VICE CHAIRMEN WAS RE-ELECTED FOR 1977.

12. THERE WAS NO DISSENT FROM CHAIRMAN'S PROPOSAL THAT NEXT MEETING BE HELD DURING FIRST HALF OF JULY.
TURNER

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Message Attributes

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